

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2021-077-10085R

Parcel No. 171/00460-066-000

Quintin Treadway,

Appellant,

vs.

Polk County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on December 21, 2021. Quintin Treadway was self-represented. Assistant Polk County Attorney Jason Wittgraf represented the Board of Review.

Quintin and Patricia Treadway own a residential property located at 208 Lynn Court, Altoona, Iowa. The property's January 1, 2021 assessment was set at \$236,000, allocated as \$43,500 in land value and \$192,500 in dwelling value. (Ex. A).

Quintin Treadway petitioned the Board of Review claiming the assessment was not equitable as compared to the assessments of other like property, the property was assessed for more than the value authorized by law, and there was an error in the assesement under Iowa Code sections 441.37(1)(a)(1)(a, b & d). (Ex. C). The Board of Review denied the petition. (Ex. B). Treadway then reasserted his claims to PAAB.¹

¹ Treadway's appeal indicates an intent to appeal to the district court under Iowa Code section 441.38, but the appeal was mailed to PAAB and docketed as a PAAB appeal pursuant to section 441.37A.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* Conversely, sale prices of abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the factors that distort market value, including but not limited to foreclosure or other forced sales. *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2).

Findings of Fact

The subject property is a two-story home built in 1978. It has 1808 square feet of gross living area, 375 square feet of average-quality basement finish, three full and one-half bathrooms, open and enclosed porches, a deck, and a two-car attached garage. (Ex. A). It is listed in normal condition with average quality construction (grade 4+05). The site is 0.245 acres. There is also an above ground swimming pool with a 14-by-30-foot deck and a shed on the property. The swimming pool is not valued in the assessment. The subject receives a 16% market adjustment in the assessment, in addition to physical depreciation. (Ex. A).

Treadway contends the subject property is inequitably assessed, over assessed, and there is an error in the description of the property. He believes his assessment is \$20,000 too high and should be \$197,000. Treadway asserts his property's assessment increased by 9%, which is above the state-wide limit on assessments at 3% noted in Iowa Code section 441.21(4). He acknowledged this cap is not applicable to each individual property's assessment, but believes it represents a legislative effort to control large increases in assessments which he contends impacts middle income families harder.

A. Error Claim

In support of his error claim, Treadway testified his home has electric baseboard heat, not "forced heat" as noted on the property record card. He also noted the description of his property as 100% air conditioned is inaccurate as several rooms have no vent for air conditioning, including the basement. He further described aspects of his home that he believes are not up to building codes, such as his stair's 9-inch run versus a typical 11-inch run. Finally, he contends his fireplace imparts little value to his home; as he states "it is a hole in my ceiling that produces more smoke than heat, when lit". (Board of Review Petition). He submitted no evidence substantiating these statements.

Deputy Assessor Lois Hand-Miller testified the listing of the subject property as having forced air heat and air conditioning is merely an identifier, not a value driver, in the listing. It is not clear from the record when the property was last inspected to determine the functionality of the fireplaces.

We note the Iowa Real Property Appraisal Manual assessors are required to use states, "Hot water, steam, electric heating, air to air heat pumps, etc. are all base heating systems[;] are descriptive items only." P. 7-50. Further, we recognize the assessment does not apply air conditioning costs to the basement; it is only applied to the above-grade living areas.

B. Inequity Claim

In support of his inequity claim, Treadway testified he reviewed the land valuations of properties surrounding his home. He noted his analysis was based on a per-acre unit of measure and several larger sites were valued lower than his land. All of his neighboring properties are larger in site size than his property. Treadway also testified a portion of his land is not usable due to the existence of a ten-foot easement at the back of his property. He asserts he is not able to construct anything on this portion of his land. The evidence does not reflect whether any of his neighboring properties have a similar easement.

Hand-Miller testified land values in the subject's neighborhood pocket were valued on a per square foot basis. She also noted larger sites would generally have a lower per square foot price based upon the law of diminishing returns. Hand-Miller pointed out the neighboring property at 216 Lynn Court (Ex. N) receives a 15% market adjustment, similar to the subject, and also received a 9% increase in assessed value for 2021.

As additional support of his inequity claim, Treadway submitted a printout from the Polk County Assessor's website identifying 53 properties he believes to be similar to the subject. (Ex. C). He contends 38 of the 53 are assessed at a lower value than the subject which he believes supports his inequity claim. Treadway was unaware whether any of these properties had recently sold. Hand-Miller testified she recreated Treadway's search of properties and the Board of Review submitted additional information about the properties. (Ex. D).

Although we do not believe the information submitted alone is sufficient to conduct a comparability analysis, we have reviewed the information and note a substantial number of the properties have less above-grade living area compared to the subject and some have no basement finish. Based on that information, it would stand to reason they would tend to have lower assessments than the subject. Even so, the subject's assessment is still very much within the range of these properties' assessments. We do not believe this information indicates Treadway's assessment is inequitable.

Hand-Miller also testified she further narrowed the search to properties with similar amenities as the subject, such as a fireplace, basement finish, and attached garage. She then further narrowed the search to properties only in the subject's neighborhood pocket. (Ex. E). She noted only five of the properties in the subject's pocket also had a fireplace, basement finish, and an attached garage. These properties ranged in assessed values between \$236,000 for and \$287,800, with the subject's assessment setting the low end of the range. Hand-Miller also submitted the five equity comparables she had provided to the Board of Review. (Ex. I).

C. Over Assessment Claim

In support of his claim of over assessment, Treadway submitted three sales of adjacent properties that sold in 2020. He asserts they are reasonably similar to his property and all sold for less than his assessed value. (Board of Review Petition, Exs. F-H). The property records indicate the sales involved unrelated parties and we have no reason to believe they were otherwise abnormal. These sales are summarized in the following table.

Sale	Property Address	Year Built	Living Area	Bsmt Finish	Bathrooms	Sale Price (SP)	Building Style	Assessed Value (AV)	AV / SP Ratio
Subject	208 Lynn Ct	1978	1808	375	3 full/1 half	NA	2-Story	\$236,000	NA
1	216 10th Ave SW	1978	1033	960	2 full	\$208,000	Split Foyer	\$214,100	1.03
2	220 10th Ave SW	1978	1181	527	2 full	\$199,000	Split Foyer	\$205,700	1.03
3	224 10th Ave SW	1982	853	550	2 full	\$140,000	Split Foyer	\$178,200	1.27

Most notably, all of the comparable sales are of split foyer homes compared to the subject's two-story design. The subject has the most gross living area and most overall living area including finished basement area. The subject also has more bathrooms than the comparables. While the subject has an attached garage, Sales 1 and 3 have detached garages and Sale 2 has a basement garage. Only Sale 3 has a larger site than the subject, but also receives a functional obsolescence in the assessment. Hand-Miller testified this property was identified as in poor condition.

Despite these differences from the subject, no adjustments were made to the comparables to arrive at a market value for the subject.

The assessed-value-to-sales-price ratios for the three sales range from 1.03 to 1.27, with an average ratio of 1.03. A ratio of 1.03 indicates a property is slightly over assessed. The high end of the range appears to be an outlier, perhaps indicative of that property's condition at the time of sale.

Hand-Miller testified she did not believe Treadway's sales were comparable to the subject. She described four comparable properties which sold in 2020 and 2021. (Exs. J-M). All were two-story homes, like the subject. The property records indicate the sales involved unrelated parties and we have no reason to believe they were otherwise abnormal. These sales are summarized in the following table.

Sale	Address	Year Built	Living Area	Bsmt Finish	Bathrooms	Sale Price	Sale Date	2021 Assessed Value (AV)	AV/SP Ratio
	Subject	1978	1808	375	3 full/1 half	NA	NA	\$236,000	NA
J	1402 4th St SW	1973	1734	0	2 full	\$233,000	3/2020	\$232,700	1.00
K	1341 Rosa Dr	1977	1848	0	2 full/1 half	\$231,900	8/2020	\$235,600	1.02
L	104 13th Ave NW	1975	1724	360	2 full/1 half	\$248,000	6/2021	\$247,800	0.99
M	1204 1st St NW	1975	1766	404	1 full/2 half	\$254,000	10/2021	\$239,800	0.94

In addition to being two-story homes, all the sales were similar in year build, gross living area, location, and condition as the subject. With the exception of Sale J, all had similar site sizes. Sales J and K had no basement finish and set the low end of the sale price range. Sales L and M had similar quality basement finish as the subject and set the high end of the sale prices. All of the sales had detached garages as opposed to the subject's attached garage. In total, we find these properties more comparable to the subject than Treadway's sales. The unadjusted sale prices bracket the subject's assessed value.

Analysis & Conclusions of Law

Treadway argues the subject property is inequitably assessed and over assessed. He also asserts there are errors in his property's description.

There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted). When the taxpayer “offers competent evidence that the market value of the property is different than the market value determined by the assessor, the burden of proof thereafter shall be upon the officials or persons seeking to uphold such valuation.” Iowa Code § 441.21(3). To be competent evidence, it must “comply with the statutory scheme for property valuation for tax assessment purposes.” *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 782 (Iowa 2009) (citations omitted).

A. Error Claim

An error may include, but is not limited to, listing errors or erroneous mathematical calculations. Iowa Admin. Code R. 701–71.20(4)(b)(4). Treadway asserts his property is incorrectly described as having forced air heating and 100% air conditioning when he has baseboard heating and several rooms have no ductwork or venting for air conditioning. Hand-Miller testified these items are simply identifiers and have no impact on his valuation. We find the assessor is valuing the subject’s heating component in a manner consistent with the Iowa Real Property Appraisal Manual. Further, the assessment does not apply any costs for air conditioning in the basement.

Treadway also questions the value added for his fireplaces, and features like his stairway run/rise that he believes to be inferior. Aside from his testimony, he offered no other evidence substantiating these issues or identifying the effect on his property’s value. We note the subject has not been recently inspected and we suggest Treadway contact the Assessor’s Office to schedule an inspection to determine whether the subject property is properly listed and valued. On the record before us, we find Treadway has failed to support his error claim.

B. Over Assessment Claim

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d at 780.

Treadway submitted three Altoona sales. A comparison of the properties indicate they are all inferior to the subject and no adjustments were made for differences when compared to the subject. *Id.* at 783 (“When sales of other properties are admitted, the market value of the assessed property must be adjusted to account for differences between the comparable property and the assessed property to the extent any differences would distort the market value of the assessed property in the absence of such adjustments.”). We do not believe the properties are sufficiently similar to the subject that their sales prices are reflective of the subject's fair market value without adjustment. He did not submit an appraisal or comparative market analysis which is typical evidence to establish market value.

The Board of Review submitted four Altoona sales of similar two-story homes. Although not adjusted, we find the Board of Review's sales more comparable to the subject and their unadjusted sale prices indicate that homes similar to the subject are selling at or above the subject's assessed value.

We find Treadway failed to offer persuasive evidence that the subject's assessment exceeds its fair market value and his over assessment claim fails.

C. Inequity Claim

Lastly, Treadway also asserts his property is inequitably assessed compared with assessments of other like property in the taxing district. § 441.37(1)(a)(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Treadway believes his land valuation is higher than neighboring properties, and his land is impacted by the existence of an easement. All of the properties he compared are

larger than his own. His analysis relied upon a per acre valuation, as opposed to the per square foot valuation utilized by the Assessor for his and neighboring properties.

Regardless of the unit of measurement, common real estate valuation methodology recognizes that, all else being equal, larger properties tend to have a lower per unit value than smaller properties. Int'l Assoc. of Assessing Officers, *Property Assessment Valuation* 174-87 (3d. ed. 2010); Appraisal Institute, *The Appraisal of Real Estate* 547 (15th ed. 2020). Ultimately, we find the evidence submitted demonstrated the Assessor was uniformly applying assessment methodology.

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 257 Iowa 575, 133 N.W.2d 709, 711 (Iowa 1965). The *Maxwell* test provides inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of its actual value. *Id.* This is commonly done through an assessment/sales ratio analysis comparing prior year sales (2020) and current year assessments (2021) of the subject property and comparable properties.

Treadway submitted three sales of split-foyer homes sold in 2020. The assessment/sale price ratio for the three sales range from 1.03 to 1.27, with an average ratio of 1.03. Although perhaps sufficiently similar for an equity analysis, we previously described differences between them and the subject. A comparison of the properties indicate they are all inferior to the subject and thus we would expect their assessments to be lower than the subject's assessed value.

The Board of Review submitted two 2020 sales of two-story homes with more similar characteristics to the subject property. Those sales demonstrated assessed value to sales price ratios of 1.00 and 1.02.

The *Maxwell* test also requires the subject property's actual value be demonstrated so a ratio can be developed for it as well. We previously concluded the best evidence demonstrates the subject's 2021 assessment is consistent with its actual market value. In total, the comparable sales also indicate their actual market values are

consistent with their 2021 assessments. As such, we find there is no inequitable treatment occurring under *Maxwell*.

Viewing the record as a whole, we find Treadway has failed to demonstrate his property is inequitably assessed, over assessed or that there is an error in his assessment.

Order

PAAB HEREBY AFFIRMS the Polk County Board of Review's action.

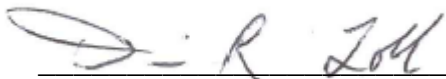
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2021).

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.



Elizabeth Goodman, Board Member



Dennis Loll, Board Member

Copies to:

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Polk County Board of Review by eFile